



14 October 2019

Althea Group Holdings Limited (**ASX:AGH**) is pleased to provide the following address to be delivered by its Chairman Andrew Newbold at the company's General Meeting held in Melbourne today.

### **Greeting**

On behalf of the Board of Directors of Althea Group Holdings Limited (**Althea**), I am pleased to welcome you to this General Meeting of shareholders of Althea. My name is Andrew Newbold, and I am the Chairman of Althea. I'd like to begin by acknowledging the traditional owners of the land we meet on today.

In accordance with Althea's constitution, I will be chairing the meeting. I have been advised that a quorum is present and I now declare the meeting open.

### **Meeting business**

The purpose of today's meeting is for Althea's shareholders to vote on the proposed acquisition (**the Acquisition**) of a Canadian extraction and contract manufacturing business known as Peak Processing Solutions (**Peak**). The Acquisition was explained in detail in the notice of meeting dated 17 September 2019 (including the accompanying explanatory statement and the Independent Expert's Report prepared by PKF Melbourne Corporate) (**Notice of Meeting**) which I take as read and in the investor presentation lodged by Althea on the ASX on 25 July 2019 (**Investor Presentation**).

Shareholders will also be asked to consider certain approvals required in connection with the Acquisition shortly.

### **Leadership team**

Before I proceed with the business of the meeting, I would like to introduce my fellow Directors.

Joshua Fegan, our CEO and Managing Director; and

Our Non-Executive Directors: Alan Boyd and Penelope Dobson.



## Acquisition overview

I will commence proceedings with an address to shareholders followed by the meeting formalities in relation to the Acquisition.

I will now provide a brief overview of the strategic rationale behind the Acquisition, as detailed in the Notice of Meeting and accompanying explanatory statement and the Investor Presentation.

The medicinal cannabis industry is one that is largely driven by regulations. To operate effectively in this industry, companies must stay ahead of the curve and be willing to take advantage of opportunities that may arise from regulatory changes in a given region.

Effective this month, new Canadian cannabis regulations allow the distribution and sale of cannabis-infused products including edibles, topicals, and beverages. We believe this is to be a regulatory change that will bring about significant new market opportunities. It is against this backdrop that the Acquisition is being put to shareholders.

Peak has been established to operate under the new Canadian regulations by specialising in the extraction, toll processing, and contract manufacturing of cannabis-infused edibles, drinks, nutraceuticals and cosmetics products. In support of this early-mover strategy, Peak has applied for one of the industry's first large-scale (infused) cannabis process licences. Peak's capabilities span raw cannabis extraction, cannabis extract refinement, cannabinoid isolation of THC, CBD and minor cannabinoids, finished goods packaging, cannabinoid potency and quality testing, nano-emulsification, and spray drying.

Peak also brings with it significant market-leading expertise with the company's founders accumulating more than 20 years of experience at one of Canada's largest licenced medical cannabis producers. Althea anticipates that the competence of Peak's leadership team will allow it to operate autonomously of Althea, as well as providing valuable expert knowledge when called upon to support the rapid growth and expansion of Althea's global medicinal cannabis business.

We believe that Peak is well-positioned to become a leading contract manufacturer for consumer brands wanting to launch recreational cannabis and CBD wellness products in the newly regulated Canadian market. Peak also offers its clients the potential to access international markets via export.



The market opportunity is large and growing. Deloitte recently estimated that the Canadian recreational cannabis market is worth up to 4.34 billion Canadian dollars – a market that remains untapped by Althea prior to the Acquisition.

Following the Acquisition, certain developments in Peak's operations such as product delivery systems and the potential for EU-GMP certification, will create opportunities for its facilities to be utilised in the future as part of Althea's global medicinal cannabis production.

We believe that the Acquisition is compelling as it diversifies Althea's global position via entry into the extraction and manufacturing of infused cannabis products, creates a North American presence for Althea, provides exposure to the Canadian recreational market, and it will allow us to inherit 20 years of combined cannabis experience from industry veterans with a proven track record.

We believe that the demand for cannabis-infused food, beverage and nutraceutical products is set to rise significantly, and we believe Peak is ideally-positioned to benefit from this.

### **Formal business and voting procedures**

Your vote is important and I - along with the Board - encourage all shareholders to vote in favour of the five resolutions related to the Acquisition.

### **Formalities**

I will now move to the formal matters of this meeting.

The purpose of this meeting is to consider and, if thought fit, pass the five resolutions as set out in the Notice of Meeting which I take as read.

I will now present the resolutions to be considered.

The first resolution is set out on the screen:

**Resolution 1:** Approval of the acquisition of a substantial asset from an entity controlled by Gregg Battersby.

Proxy votes lodged for this resolution are displayed on the screen.



I now put the motion to a vote on a show of hands;  
-All in favour  
-Those against

The second resolution is set out on the screen:

**Resolution 2:** Approval of the issue of Shares to an entity controlled by Gregg Battersby.

Proxy votes lodged for this resolution are displayed on the screen.

I now put the motion to a vote on a show of hands;  
-All in favour  
-Those against

The third resolution is set out on the screen:

**Resolution 3:** Approval of the issue of shares to the Employee Shareholders of Peak Processing OperationsCo

Proxy votes lodged for this resolution are displayed on the screen.

I now put the motion to a vote on a show of hands;  
-All in favour  
-Those against

The fourth resolution is set out on the screen:

**Resolution 4:** Approval of the issue of Shares to an entity controlled by Andrew Newbold

Proxy votes lodged for this resolution are displayed on the screen.

I now put the motion to a vote on a show of hands;  
-All in favour  
-Those against

The fifth resolution is set out on the screen:

**Resolution 5:** Approval of the issue of Shares to an entity controlled by Penelope Dobson



Proxy votes lodged for this resolution are displayed on the screen.

I now put the motion to a vote on a show of hands;

-All in favour

-Those against

Thank you, ladies and gentlemen, for joining us today. This concludes the business of today's meeting.

On behalf of my fellow Directors, I now declare the meeting closed.

**Ends**